

**FORT PIKE VOLUNTEER FIRE DEPARTMENT**

**FINANCIAL STATEMENTS**

**December 31, 2010**

**CASCIO & SCHMIDT, LLC**  
**Certified Public Accountants**

# FORT PIKE VOLUNTEER FIRE DEPARTMENT

## TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 -2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9
SUPPLEMENTAL INFORMATION	
Statement of Expenses	11
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	12 - 13
SCHEDULE OF FINDINGS AND RESPONSES	14 - 15
CORRECTIVE ACTION PLAN	

# CASCIO & SCHMIDT, LLC

## CERTIFIED PUBLIC ACCOUNTANTS

FRANCIS J. CASCIO, CPA  
STEVEN A. SCHMIDT, CPA

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Fort Pike Volunteer Fire Department

We have audited the accompanying financial statements of Fort Pike Volunteer Fire Department(a nonprofit organization), which comprise the statement of financial position as of December 31, 2010, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fort Pike Volunteer Fire Department as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental statement of expenses on page 11 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2014, on our consideration of Fort Pike Volunteer Fire Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fort Pike Volunteer Fire Department's internal control over financial reporting and compliance.

*Cassio & Schmielt, LLC.*

Metairie, Louisiana  
July 22, 2014

# FORT PIKE VOLUNTEER FIRE DEPARTMENT

## STATEMENT OF FINANCIAL POSITION

December 31, 2010

### ASSETS

#### **CURRENT ASSETS**

Cash	\$ <u>24,235</u>	
Total current assets		\$ 24,235

#### **PROPERTY AND EQUIPMENT**

(Notes A5, B and C) 756,863

Total assets \$ 781,098

### LIABILITIES AND NET ASSETS

**LIABILITIES** \$ -

**COMMITMENT** (Note C) -

**NET ASSETS** (Note A)  
Unrestricted 781,098

Total Net Assets 781,098

Total liabilities and net assets \$ 781,098

See accompanying notes are an integral part of this statement.

# FORT PIKE VOLUNTEER FIRE DEPARTMENT

## STATEMENT OF ACTIVITIES

Year Ended December 31, 2010

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
<b>REVENUE</b>			
Grants	\$ -	\$ 460,360	\$ 460,360
Contributions	2,046	-	2,046
Fundraising	9,268	-	9,268
Insurance, contents	15,344	-	15,344
Other	1,078	-	1,078
Net assets released from restrictions	<u>460,360</u>	<u>(460,360)</u>	<u>-</u>
Total Revenues	<u>488,096</u>	<u>-</u>	<u>488,096</u>
<b>EXPENSES</b>			
Operating services	7,755	-	7,755
Operating supplies	16,430	-	16,430
Professional services	390	-	390
Maintenance and repairs	7,463	-	7,463
Depreciation	11,569	-	11,569
Fundraising	<u>2,458</u>	<u>-</u>	<u>2,458</u>
Total Expenses	<u>46,065</u>	<u>-</u>	<u>46,065</u>
<b>Increase in Net Assets</b>	442,031	-	442,031
<b>Net assets, beginning of year</b>	<u>339,067</u>	<u>-</u>	<u>339,067</u>
<b>Net assets, end of year</b>	\$ <u>781,098</u>	\$ <u>-</u>	\$ <u>781,098</u>

See accompanying notes are an integral part of this statement.

# FORT PIKE VOLUNTEER FIRE DEPARTMENT

## STATEMENT OF CASH FLOWS

Year Ended December 31, 2010

### CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 442,031	
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	11,569	
(Increase) decrease in operating assets		
Grants receivable	<u>12,839</u>	
Net Cash Provided by Operating Activities		\$ 466,439

### CASH FLOWS FROM INVESTING ACTIVITIES

Construction in progress capitalized	(471,633)	
Net cash used by investing activities		(471,633)

### CASH FLOWS FROM FINANCING ACTIVITIES

NET INCREASE (DECREASE) IN CASH		( 5,194)
Cash at Beginning of Year		<u>29,429</u>
Cash at End of Year		\$ <u>24,235</u>

See accompanying notes are an integral part of this statement.

# FORT PIKE VOLUNTEER FIRE DEPARTMENT

## NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2010

### NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of Fort Pike Volunteer Fire department's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Nature of Activities

Fort Pike Volunteer Fire department (the Fire Department) is a nonprofit organization dedicated to providing the citizens of the Lake Catherine community with fire protection. The Fire Department is manned by voluntary firemen and is supported principally by donor contributions and fundraising activities.

2. Financial Statement Presentation

The Fire Department's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958. Accordingly, the net assets of the corporation are reported in each of the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

The net assets and changes therein are classified as follows:

**Unrestricted Net Assets** - Contributions and other revenue and expenses for the general operation of its programs.

**Temporarily Restricted Net Assets** - Contribution and other revenues specifically authorized by the donor or grantor to be used for specific purposes.

**Permanently Restricted Net Assets** - Contributions subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Fire Department pursuant to those stipulations. There were no permanently restricted net assets.

3. Revenue Recognition

Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released by restrictions".



# **FORT PIKE VOLUNTEER FIRE DEPARTMENT**

## **NOTES TO FINANCIAL STATEMENTS - Continued**

**Year Ended December 31, 2010**

### **NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued**

4. Grants Receivable

The Fire Department considers grants receivable to be fully collectible since the balance consists of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

5. Property and Equipment

Property and equipment consists of a fire truck and other vehicles, and are recorded at cost when purchased, or at fair market value if received as a donation. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Depreciation is computed using the straight-line method over the useful lives of the assets. The lives range from 5 to 7 years. The Fire Department capitalizes property and equipment purchases over \$5,000 and expenses those purchases under \$5,000.

6. Donated Goods and Services

No amounts have been reflected in the financial statements for donated goods and services. Donated services were not recorded because the value of these services is not readily determinable. However, it should be noted that a substantial number of volunteers donate time to the Fire Department's services.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Functional Allocation of Expense

The costs of providing the various firefighting programs, administrative activities, and other general activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain cost have been allocated among the programs and support activities based on management's estimates of time and percentages used to conduct those functions. See note D.

# **FORT PIKE VOLUNTEER FIRE DEPARTMENT**

## **NOTES TO FINANCIAL STATEMENTS - Continued**

**Year Ended December 31, 2010**

### **NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued**

#### **9. Subsequent Events**

The subsequent events of the organization were evaluated through the date the financial statements were available to be issued (July 22, 2014).

### **NOTE B - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of December 31, 2010.

Vehicles	\$ 72,132
Less accumulated depreciation	<u>34,707</u>
	37,425
Construction in progress	<u>719,438</u>
	<u>\$ 756,863</u>

Depreciation amounted to \$11,569 for the year.

### **NOTE C - COMMITMENT**

A contract to construct a new fire station was entered into the December 2008, to replace the fire station destroyed by Hurricane Katrina in 2005. The cost was estimated to be \$775,000, with funding to be provided by the FEMA Public Assistance Program.

### **NOTE D - FUNCTIONAL EXPENSES**

The functional expenses for the year ended December 31, 2010 consist of the following:

Program services	
Firefighting	\$ 35,553
Supportive services	
Management and general	8,054
Fundraising	<u>2,458</u>
Total expenses	<u>\$ 46,065</u>

# **FORT PIKE VOLUNTEER FIRE DEPARTMENT**

## **NOTES TO FINANCIAL STATEMENTS - Continued**

**Year Ended December 31, 2010**

### **NOTE E - INCOME TAXES**

Fort Pike Volunteer Fire Department is exempt from corporate income taxes under Section 501 (c) (3) of the Internal Revenue Code.

FASB ASC 740, Income Taxes, requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. Management does not believe its financial statements include any uncertain tax positions. The Fire Department's tax returns for the years 2008, 2009 and 2010 have not been filed.

### **NOTE F - BOARD OF TRUSTEES' COMPENSATION**

The Board of Trustees is a voluntary board, accordingly, no compensation was paid to any board member.

## **SUPPLEMENTAL INFORMATION**

# FORT PIKE VOLUNTEER FIRE DEPARTMENT

## STATEMENT OF EXPENSES

Year Ended December 31, 2010

Operating services		
Bank charges	\$ 70	
Dues and subscriptions	100	
Insurance	<u>7,585</u>	\$ 7,755
Operating supplies		
Firehouse supplies	14,029	
Office supplies	1,878	
Fuel	<u>523</u>	16,430
Professional services		
Legal	-	
Other	<u>390</u>	390
Maintenance and repairs		
Firehouse	4,493	
Vehicles	<u>2,970</u>	7,463
Depreciation		11,569
Fundraising		<u>2,458</u>
Total		\$ <u>46,065</u>

# **CASCIO & SCHMIDT, LLC**

## ***CERTIFIED PUBLIC ACCOUNTANTS***

FRANCIS J. CASCIO, CPA  
STEVEN A. SCHMIDT, CPA

MEMBERS  
AMERICAN INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA CERTIFIED  
PUBLIC ACCOUNTANTS

### **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Fort Pike Volunteer Fire Department

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Fort Pike Volunteer Fire Department (a nonprofit corporation) which comprise the statement of financial position as of December 31, 2010 and the related statements of activities, and cash flows and for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 22, 2014.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements we considered Fort Pike Volunteer Fire Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fort Pike Volunteer Fire Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Fort Pike Volunteer Fire Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in the internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that are considered to be significant deficiencies. The significant deficiencies are identified as items 2010-1 and 2010-2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fort Pike Volunteer Fire Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2010-3.

### **Fort Pike Volunteer Fire Department's Response to Findings**

Fort Pike Volunteer Fire Department's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. Fort Pike Volunteer Fire Department's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of the Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Standards Auditing* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Cascio & Schmitt, LLC,*

Metairie, Louisiana  
July 22, 2014

# **FORT PIKE VOLUNTEER FIRE DEPARTMENT**

## **SCHEDULE OF FINDINGS AND RESPONSES**

**Year Ended December 31, 2010**

### **A. FINANCIAL STATEMENT FINDINGS**

#### **SIGNIFICANT DEFICIENCY**

##### **2010-1 Segregation of Duties**

**Condition:** Due to the size of the administrative staff, the organization is too small to effect a meaningful segregation of duties. All authorizations and approvals of cash disbursements are performed by the Fire Chief and all accounting functions are primarily performed by a volunteer.

**Criteria:** The accounting functions should be performed by several individuals to assure proper segregation of duties.

**Effect:** The Fire Department is unable to assure that its assets are properly safeguarded.

**Recommendation:** We recommend that the Board of Directors continue their significant involvement in the financial affairs of the Fire Department through review of monthly financial reports and periodic review of the Fire Department's day to day financial activities.

**Response:** See Corrective Action Plan.

##### **2010-2 Contributions**

**Condition:** The Fire Department receives contributions in the form of cash and checks. Since there isn't a sufficient number of individuals to effect a segregation of duties, controls are lacking in this area.

**Criteria:** The deposits and recording of cash should be performed by more than one individual.

**Effect:** There is a possibility that all cash contributions are not deposited and recorded in the general ledger.

**Recommendation:** We recommend that the Board of Directors or their designee, open all incoming mail and in the case of actual cash, to make a list of the contributions in order to verify that all contributions are deposited in the bank.

**Response:** See Corrective Action Plan



# FORT PIKE VOLUNTEER FIRE DEPARTMENT

## SCHEDULE OF FINDINGS AND RESPONSES - Continued

Year Ended December 31, 2010

### A. FINANCIAL STATEMENT FINDINGS - Continued

#### COMPLIANCE FINDING

##### **2010-3 Audit Requirements (Late filing)**

**Condition:** The audit of the financial statements was not completed and submitted to the Louisiana Legislative Auditor within six months after the fiscal year-end.

**Criteria:** State law requires the audit of the financial statements be completed and submitted to the Louisiana Legislative Auditor within six months after the fiscal year-end.

**Effect:** The Fire Department was not in compliance with the Louisiana state audit law.

**Recommendation:** The Fire Department should adhere to the state audit requirements and monitor its completion and timely filing in the future.

**Responses:** See Corrective Action Plan.

### B. STATUS OF PRIOR YEAR AUDIT FINDINGS

The prior year audit findings consists of the following:

<u>Significant Deficiencies</u>	<u>Resolved</u>	<u>Unresolved</u>	<u>Current Finding No.</u>	<u>Prior Year Finding No.</u>
Filing financials late		X	2010-3	2009-1



# Fort Pike Volunteer Fire Department



26812 Chef Menteur Hwy. New Orleans, LA. 70129 U.S. Hwy 90

Email: [fortpike@yahoo.com](mailto:fortpike@yahoo.com) 504-662-0293

President - Brian Nunez Vice President – Mike Bayard  
Secretary- Chris Vallelungo Treasurer - Gaile Burst  
Fire Chief – Chuck Schmalz Sergeant at Arms – Carey Burst

## CORRECTIVE ACTION PLAN

### 2010-1 Segregation of Duties

The Board of Directors will oversee and monitor the financial activities of the Fire Department.

### 2010-2 Contributions

The Board of Directors or their designee will open all incoming mail and make a list of the contributors in order to verify that all contributions are deposited in the bank.

### 2010-3 Late Filing of Financials

In the future we will comply by timely filing the financial statements.